

CITY OF SAN JOSÉ, CALIFORNIA
Department of Planning, Building and Code Enforcement
801 North First Street, Room 400
San José, California 95110-1795

STAFF REPORT

Hearing Date/Agenda Number
P.C. 05/26/2004 Item

File Number
PDC04-002

Application Type
Planned Development Rezoning

Council District
4

Planning Area
North San Jose

Assessor's Parcel Number(s)
097-45-048

PROJECT DESCRIPTION

Completed by: Mike Mena

Location: Westerly side of North First Street on both sides of Component Drive.

Gross Acreage: 41.0

Net Acreage: NA

Net Density: NA

Existing Zoning: IP(PD) Planned Development Existing Use: Vacant

Proposed Zoning: IP(PD) Planned Development
Proposed Use: Research and Development/Office Uses
Development

GENERAL PLAN

Completed by: MM

Land Use/Transportation Diagram Designation
Industrial Park

Project Conformance:
☒ Yes ☐ No
☒ See Analysis and Recommendations

SURROUNDING LAND USES AND ZONING

Completed by: MM

North: PG&E Substation/Industrial Office

IP Industrial Park

East: Industrial Office

IP Industrial Park, A(PD) Planned Development

South: Industrial Park / Office

IP Industrial Park, A(PD) Planned Development

West: Vacant/US 101/ Office

A(PD) Planned Development

ENVIRONMENTAL STATUS

Completed by: MM

☒ Environmental Impact Report pending adoption on May 26, 2003
☐ Draft Negative Declaration

☐ Exempt
☐ Environmental Review Incomplete

FILE HISTORY

Completed by: MM

Annexation Title: Orchard No. 69

Date: April 26, 1977

PLANNING DEPARTMENT RECOMMENDATIONS AND ACTION

☒ Approval
☐ Approval with Conditions
☐ Denial
☐ Uphold Director's Decision

Date: _____

Approved by: _____
☒ Action
☐ Recommendation

APPLICANT/DEVELOPER/OWNER

BEA Systems, Inc.
2347 North First Street
San Jose, CA 94131

PUBLIC AGENCY COMMENTS RECEIVEDCompleted by: MM

Department of Public WorksPending

Other Departments and Agencies

City of San Jose Fire Department, dated January 22, 2004

Environmental Services Department, dated January 22, 2004

Airport Department, dated January 12, 2004

Airport Land Use Commission, dated January 12, 2004

GENERAL CORRESPONDENCE

GHB – The Market Place LP dated May 3, 2004

ANALYSIS AND RECOMMENDATIONS

BACKGROUND

The applicant, BEA Systems, Inc., has requested to rezone a subject property in the City of San Jose from IP(PD) Planned Development Zoning District to IP(PD) Planned Development Zoning District to allow for the development of up to 2.8 million square-foot of Industrial Park development and commercial support uses on an approximately 41.0-acre site that is currently vacant. The site is located in North San Jose on the westerly side of North First Street and on both sides of Component Drive. The site is surrounded on three sides by existing industrial/office developments and a vacant site, planned for similar development to the west, across Orchard Parkway. The Norman Y. Mineta San Jose International Airport is located across Highway 101, southwesterly of the project site.

The proposed development will also require the approval of a Development Agreement between the City of San José and BEA Systems, Inc (BEA). The pending Development Agreement (DA-BEA) would vest the right for the applicant to develop up to 2.8 million square foot industrial park campus through the allocation of 1,378,568 square-foot of floor area credits from the City's pool of transferable floor area (see accompanying staff report on the Development Agreement).

A Planned Development Zoning (PDC93-017) was approved for Hewlett-Packard in 1994 that allowed up to 3,220,900 square feet of development on one large site that consisted of the BEA project site and the vacant parcels on the west side of Orchard Parkway. Since that time, BEA has acquired the property between Orchard Parkway and North First Street on either side of Component Drive with a share of the previously approved Planned Development Zoning for approximately 3.2 million square feet. Subsequent approvals from 2001 to 2003 entitled up to 1,421,432 square feet of development and a General Plan Amendment (GP03-T-09) was approved which increased the maximum building height from 120 feet to 210 feet on the subject site.

ENVIRONMENTAL REVIEW

The environmental impacts of this project, which includes the Planned Development rezoning as well as the pending Development Agreement, were addressed by an Environmental Impact Report (EIR) entitled "BEA Development Project. The EIR adequately addresses impacts, mitigation measures and project alternatives that would avoid or reduce impacts. The EIR also analyzed potential land use compatibility,

traffic, air quality, noise, biological resources, hydrology, cultural resources, hazardous materials, visual, geology and soils, utility and service system impacts resulting from the project.

The EIR identifies that implementation of the project would result in significant unavoidable impacts upon vegetation and wildlife (resulting from a loss of Burrowing Owl habitat), traffic levels on regional freeway segments, and regional air quality. The project EIR also identifies a cumulative significant unavoidable impact for traffic congestion, air quality and the loss of Burrowing Owl habitat. The EIR identifies one project alternative, the Clustered/Reduced Scale Development Alternative, which would be environmentally superior by reducing the impact upon Burrowing Owl habitat. This alternative would place the proposed development on Parcels A and B only, thus providing the opportunity to maintain an urban scale of development along North First Street and leaving Parcel C undeveloped Burrowing Owl habitat. However, this alternative would not meet the objectives of the proposed project, though it does provide more office/R&D space than is allowed under current entitlements. Specific discussion regarding the significant unavoidable impacts from the proposed project is provided below.

Vegetation and Wildlife

Burrowing Owls, special status specie, have been known to occupy the area around the project site. However, no Burrowing Owls or owl indicators were observed during a November 2003 site survey conducted by H.T. Harvey and Associates. On January 2001, Agilent Technologies (previous owner of the site) entered into a mitigation agreement with the California Department of Fish and Game (CDFG) because of anticipated impacts to Burrowing Owls caused by development of the proposed project site. BEA assumed this mitigation agreement as part of their purchase of the project site from Agilent. Since the purchase, BEA has implemented measures to prevent owls from nesting on site. Nevertheless, Burrowing Owls may still forage on the currently vacant site since the site has established value as foraging habitat. While alternative habitat was protected elsewhere under previous approvals on the site, development would reduce the local population and would reduce the habitat available to the remaining populations. Therefore, the loss of habitat for Burrowing Owls is considered a significant unavoidable impact for the proposed project.

Regional Air Quality

Vehicle trips generated by the project would result in air pollutant emissions affecting the entire San Francisco Bay Air Basin. The Bay Area Air Quality Management District (BAAQMD) has established thresholds of significance for ozone precursors and PM10 of 80 pounds per day. The proposed project emissions would exceed the thresholds of significance established by BAAQMD. BEA will implement a Transportation Demand Management (TDM) program for the project site with a goal of a 15% reduction in daily vehicle trips. These mitigation measures include, but are not limited to carpool/vanpool programs, provide on-site commercial support services, and design and locate buildings to facilitate transit use. However, the implementation of TDM mitigation measures would not provide the reduction in emissions necessary to reduce the project's impacts to a less than significant level.

Traffic

A level-of-service traffic impact analysis was completed for the proposed project (March 2004) by Hexagon Transportation Consultants, Inc. The study included an analysis of 66 signalized intersections and 52 directional freeway segments in the vicinity of the project site using the City of San Jose's methodology for intersections in the Golden Triangle area. Traffic conditions at the intersections and on

the freeway segments were analyzed for the weekday AM and PM peak hours of traffic.

Mitigation is proposed at the Guadalupe and Orchard Parkway intersection that would improve or maintain the overall operating conditions at the Golden Triangle area intersections. The mitigation will require that the existing right-turn lane on the southbound approach from Orchard Parkway to Guadalupe Parkway be converted to a free-running right turn lane. This mitigation measure will be required to be completed prior to the development of the approximate 1.4 million square-feet of research and development/office uses beyond the existing entitlement of approximately 1.4 million square feet on the subject site. Additionally, the project has been designed to incorporate a driveway on North First Street, south of Component Drive, in order to provide an additional access point for vehicle trips entering/leaving the project site from the North First Street, and relieving some trip demand on the North First Street and Component Drive intersection.

There is no feasible mitigation available to reduce impacts to directional freeway segments for a single project and therefore the project traffic on these freeway segments remains a significant unavoidable impact.

Because the project will have significant unavoidable impacts, the City Council will be required to adopt a statement of overriding considerations as part of the Resolution of EIR findings explaining how the benefits of the project outweigh the impacts.

GENERAL PLAN CONFORMANCE

The proposed project conforms to the City of San José's adopted San José 2020 General Plan Land Use/Transportation Diagram. The subject property is designated *Industrial Park*. The Industrial Park designation is intended for a wide variety of industrial users such as research and development, manufacturing, assembly, testing and offices. Industrial uses are consistent with this designation insofar as any functional or operational characteristics of a hazardous or nuisance nature can be mitigated through design controls. Areas designated as Industrial Park also allow for a limited amount of commercial support uses, when those uses are of a scale and design providing support only to the needs of businesses and their employees in the immediate industrial area.

The proposed project is in conformance with the General Plan Urban Design Policies, which stipulates the maximum building height for the subject site at 210 feet above grade.

COMFORMANCE WITH NORTH SAN JOSE AREA DEVELOPMENT POLICY

North San Jose is one of the premier industrial areas of the City and policies that promote industrial development are critical to maintaining a healthy balanced economy of San Jose. In conjunction with the Golden Triangle Task Force, the City established limits to development in North San Jose, and on March 1, 1988 adopted the North San Jose Area Development Policy which includes the project site. The policy set out to improve traffic conditions in the greater northern Santa Clara County in order to bring into closer balance the employment, housing and the transportation system. The four essential parts of the policy include:

- A Traffic Demand Management (TDM) program to reduce traffic generation and increase the efficiency of the transportation system;
- Capital improvements funded on a cooperative basis, to bring the transportation system capacity into closer alignment with projected need;

- A level of service policy that allows consideration of an area average instead of focusing on individual intersections;
- A Floor Area Ratio (FAR) policy that places a cap on the magnitude of employment and encourages housing in the impacted area; and
- A housing strategy to internalize commute trips within the Golden Triangle Area.

The proposed Floor Area Ratio of 1.57 conforms to the North San Jose Area Development Policy. The Policy provides for bonus FAR from 0.35 to 0.40 where land use intensity and transit proximity, in combination with other factors, make increased transit ridership very likely. Additionally, the Policy establishes a pool of transferable floor area, drawing from a number of sources including transferring industrial FAR intensity from designated housing sites within the policy area. Individual projects are assessed for suitability to receive an allocation of transferable floor area using a variety of criteria (a copy of the policy is attached).

As a large corporate industrial user, the BEA development project meets the criteria for receiving transferable floor area and for receiving bonus FAR. The project allows for the expansion and retention of an established company, BEA Systems, within the constraints of a new, viable Planned Development Zoning district. The applicant is a recognized innovator and leader within the high technology industry, which contributes to San Jose's reputation as being on the leading edge of technology. The project will also provide a substantial number of new jobs on the site in a targeted industry, which is in San Jose's long-term economic interest.

ANALYSIS

The key issues associated with this rezoning are development intensity, setbacks, parking, urban design and consistency with the overall goals and objectives of the North San Jose Area Development Policy.

Development Intensity

As discussed above, the project proposes development intensity of 1.57 FAR for the entire site. The portion of the site fronting North First Street will be designed to have the more dominant and taller buildings (up to 210 feet) with minimal setbacks from North First Street in order to achieve the City's goal to develop an urbanized and dense streetscape along the North First Street multi-mode transportation corridor.

Building footprints on the subject site are limited to cover only 85% of the site, in order to ensure the site incorporates sufficient landscaped setback areas and building separation elements in the final design of the site. This organization of intensity on the site is consistent with the General Plan height limitations for the site and the North San Jose Area Development Policy as discussed above.

Setbacks

The proposed rezoning provides for a number of minor setback deviations from the conventional IP Industrial Park Zoning District; however, these are generally consistent with the development standards under the existing IP(PD) Planned Development Zoning District for the site. Primary among these is a maximum front setback along North First Street, which requires a maximum building setback of 30 feet from North First Street for significant building elements and precludes any surface parking and/or parking structures to be located between North First Street and the future "primary buildings" proposed along North First Street. This maximum front setback is intended to achieve a higher density and more urban development adjacent to an existing light rail station. The minimum front setback will be 15 feet,

consistent with the conventional IP zoning district.

The proposed maximum building height of 210 feet is consistent with previous approvals for the site and is within the upper-limit maximum height for the site consistent with the General Plan height limit for this specific site. However, due to the project site's proximity to the flight paths for the Norman Y. Mineta International Airport, development is subject to height limits under the Federal Aviation Regulations, Part 77, which is administrated by the Federal Aviation Administration (FAA) and incorporated into the Santa Clara County Airport Land Use Commission policy. Under these regulations, any proposed structure that would exceed an FAA imaginary surface restriction, or which stands at least 200 feet above ground level, is required to be reviewed by the FAA for any airspace safety evaluation. The project proponent will be required to obtain a "Determination of No Hazard" by the FAA prior to issuance of any development permits.

Parking

The parking space requirements stipulated in the zoning ordinance would typically require that a research and development use provide a minimum of one (1) off-street parking space per 350 square feet of net floor area. At this ratio the subject project would require a total of 6,800 off-street parking spaces. However, given the project's proximity to the Component Light Rail Station staff is recommending that the proposed Planned Development Zoning allow for a 25% reduction in required parking. This would result in a ratio of approximately one (1) off-street parking space per 466 square feet of net floor area (5,100 off-street parking spaces) in addition to any parking required for on-site commercial support uses per zoning code requirements. The parking is proposed to be provided in a combination of surface lots and parking structures.

Urban Design

While the specific site and architectural plans have not yet been prepared for this "master plan", staff discussions with the applicant regarding future design concept alternatives for the site focus on a design quality that will be superior. The size of the site at 41.0 acres also affords an opportunity for a large scale integrated design that will be a local landmark development and set a level of design quality for future intensification and development in the area. The focus of urban intensity at the Component Drive light rail station is reminiscent of the Metro station area, and as such will foster the goals of increased transit use.

PUBLIC OUTREACH

The property owners within a 1000-foot radius of the project site were sent a notice regarding the proposed project's pending Environment Impact Report and as part of an environment public scoping meeting which was held on February 18, 2004. They also received a notice regarding the public hearings to be held on the subject project before the Planning Commission and City Council. In addition, the community can be kept informed about the status of amendments on the Department's website, which contains information on the rezoning process, and each individual pending project. No comments were received on this specific project at the public scoping meeting.

However, staff did receive one letter in support of the project from a nearby property owner, GHB-The Market Place LP, which feel that the proposed development will be a benefit to both the City of San Jose and to the surrounding neighborhood (see attached letter).

RECOMMENDATION

Planning staff recommends that the City Council approve the subject rezoning for the following reasons:

1. The proposed rezoning is consistent with the General Plan designation of Industrial Park for the site, and is consistent with the height limitations of the General Plan for buildings on this site and are in close proximity to light rail facilities.
2. The project substantially fulfills the economic development goals of the City by creating employment opportunities, a stronger tax base, maintaining and expanding a superior local business presence, and improvements of the City's jobs/housing balance.
3. The project is consistent with the North San Jose Area Development Policy by retain and providing expansion capacity for a large corporate user, BEA Systems, Inc., and its related industries. The increase in the FAR of the site to 1.57 and the allocation of up to 1,378,568 square feet from the pool or transferable floor area provided in the policy is warranted because BEA is a recognized innovator and leader within the high technology industry and contributes to San Jose's reputation as being on the leading edge of technology.